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RUEHBJ/AMEMBASSY BEIJING PRIORITY 0115
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C O N F I D E N T I A L DAKAR 001727

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STATE FOR OES:JMIOTKE AND ACOVINGTON, EAP:JYAMAMOTO,
EEB:TSAEGER, AF/W, AF/EPS, AND AF/RSA

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TAGS: [ECON](#) [EINV](#) [SENV](#) [CM](#) [SG](#)

SUBJECT: CHINESE INVOLVEMENT IN SENEGAL'S NATURAL RESOURCES

REF: A. A. STATE 93848

[1](#)B. B. DAKAR 1523

Classified By: Jay T. Smith, Charge d'Affaires, a.i. Reason 1.4 (b), (d)

[1](#)1. (C) To date, China is not heavily invested in Senegal's natural resources sectors. China's presence in Senegal currently focuses on the importation of Chinese consumer and industrial goods, including automobiles, and Chinese assistance for public works projects. China does not have a fishing agreement with Senegal, although Chinese firms do buy some Senegalese seafood, mostly "yet" (a large shellfish) and octopus. Likewise, China is not currently a large purchaser of Senegal's forest or mineral resources. Over the past year there was significant speculation that a Chinese firm would become a major investor in Senegal's troubled and under-producing phosphates company, ICS, but this week the original Indian investor, IFFCO signed an agreement to become the company's majority stakeholder. It is our understanding that the majority of the ICS output is exported to Indian interests.

[1](#)2. (U) During a July 12-13 visit to Senegal (Ref B), Chinese Vice Minister of Commerce Wei Jianguo expressed an interest in increasing Senegal's exports of fish, wood, minerals, and other items which are allowed to enter China on "preferable terms." Senegalese officials, for their part, complained about the huge trade imbalance between the two countries. Senegal Foreign Minister Gadio also claimed to have requested "reciprocal" treatment for Senegalese traders and merchants in China just as Chinese merchants are "welcomed" in Senegal.

[1](#)3. (C) Regarding other Ref A questions, Senegal has, in theory, sufficient laws and regulations to effectively manage trade and investment in the country's natural resources. However, Senegal has a limited capacity to enforce its laws or halt illegal exploitation or export of resources. Post does not believe this is currently a significant problem. It is more likely that the Wade administration would grant waivers to existing regulations, or promulgate new laws, in order to encourage new Chinese investment.

SMITH